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## PROSIECT GWYRDD

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### TURNING A PROBLEM INTO A RESOURCE

#### Prosiect Gwyrdd secures Welsh Government funding

Following all five Councils approving Viridor as the Preferred Bidder for a 25 year residual waste contract, the Project is pleased to announce that the Welsh Government has approved its funding contribution for the project – a fixed sum of £4,264,000 each year for the duration of the contract.

Prosiect Gwyrdd is a waste partnership for 5 local authorities to deliver a sustainable solution for the residual waste which will remain after residents and the Councils have recycled as much waste as possible. The procurement process was very detailed and competitive to ensure the contract delivers an affordable and environmentally sustainable solution.

The final negotiated contract has a significant reduction in costs compared with the original predictions set out in the Outline Business Case (OBC). The funding support received from the Welsh Government is under half of the £9M previously estimated at the OBC stage, which shows the excellent value for money for the tax payer achieved through the competitive 3 year bidding process.

Councillor Russell Goodway, Chairman of the Joint Committee, said: "In the current challenging economic climate, this project shows the benefits of Councils working together in partnership and benefitting from the financial support from the Welsh Government. The Project Team can now work with Viridor to finalise the agreed terms with a view to signing the contract by the end of September."

The solution is modern Energy from Waste technology producing green electricity and heat (rather than simply burying the rubbish in landfills). The overall saving for the partner authorities over the contract period is approximately £500 million. Compared with the projected costs of continuing to landfill there is a saving for the partners of £11.4m in the first year of the contract.

Once the service has commenced, the annual saving continues to increase each year, as Prosiect Gwyrdd has negotiated a favourable price indexation compared to the rate of inflation.

The Minister for Natural Resources, Alun Davies, said: "At a time when councils across Wales are facing an unprecedentedly difficult financial climate and working to improve services with reduced resources, Prosiect Gwyrdd will help councils in south east Wales save money, which can instead be spent on our schools, libraries and roads.

"As well as creating jobs in the waste and resource management industry and saving our councils money, Prosiect Gwyrdd will cut Wales's carbon emissions and help reduce climate change."

The agreed terms with Viridor has ensured that there is flexibility in the contract on the amount of waste which is delivered to the facility. The predicted waste tonnage profiles have been calculated on all 5 Councils meeting or exceeding the waste targets set in law by the Welsh Government.

Each of the partners is committed to managing their waste in line with Welsh Government targets, with a recycling led strategy ensuring that the waste which remains after these targets have been met will be treated at the facility.

Burying waste in landfill sites has historically been the way waste has been managed in Wales. Landfill is no longer economically or environmentally viable and the Welsh Government has set limits on the amount of waste that can be buried, with no more than 10% by 2020 and no more than 5% by 2025.

There are significant environmental benefits of producing green energy from this waste. The contract will also secure a further 5% recycling which will contribute to each partner Council's recycling rate.

## **Notes to Editors**

### Public Engagement

- Public events have been provided to give residents in Cardiff the opportunity to receive information on the project. An information pack was sent to over 17 500 properties in areas surrounding Trident Park so that residents were able to receive information in the comfort of their own home. All of the information made available to residents can be viewed online through the following link:  
[http://www.caerphilly.gov.uk/prosiectgwyrdd/english/preferred\\_bidder.html](http://www.caerphilly.gov.uk/prosiectgwyrdd/english/preferred_bidder.html)

### Viridor's Merchant Facility

- Viridor's facility is a merchant facility, so the company would have built the infrastructure regardless of winning the Project Gwyrdd contract. The facility is being built at Trident Park in Cardiff and obtained Planning Permission from Cardiff Council and a permit to operate from the Environment Agency in 2010.
- The size of the facility (350 000 tonnes per year) has been proposed by the company themselves and is based on their own commercial assumptions on the amount of waste which they believe will require waste treatment. The planning process and the permitting process are separate from the procurement.

### Welsh Government Policy and Funding

- A Final Business Case has now been approved by the Welsh Government with the final agreed commercial terms of the contract.
- For more information on the Welsh Government Towards Zero Waste Strategy, please visit:  
[http://wales.gov.uk/topics/environmentcountryside/epq/waste\\_recycling/zerowaste/?lang=en](http://wales.gov.uk/topics/environmentcountryside/epq/waste_recycling/zerowaste/?lang=en)
- The following waste targets have been set in law by the Welsh Government.  
  
2009/10 - 40% combined recycling and composting  
2012/13 - 52% combined recycling and composting  
2015/16 - 58% combined recycling and composting  
2019/20 - 64% combined recycling and composting

2019/20 – 10% maximum to be disposed to landfill  
2024/25 – Minimum of 70% combined recycling and composting  
2024/25 – 5 % maximum to be disposed to landfill.

- The combined recycling and composting rates for the 5 partner authorities (provisional) are:

Reuse, recycling and composting rate for 2011/12:

Caerphilly – 56%  
Cardiff – 50%  
Monmouthshire – 55%  
Newport – 46%  
Vale of Glamorgan – 50%

Contract and Partnership Working

- The contract will be for 25 years with a possible 5 year extension. The length of the contract is industry standard to ensure that significant infrastructure projects are affordable and good value to the public sector.
- As Project Gwyrdd isn't a legal entity, the contract will be signed by a Host Authority, which is Cardiff Council. A Joint Working Agreement will then control the contract between the Lead Authority and the Partners during the contract term.
- The Partnership will control the agreed terms that have been negotiated with Viridor during the procurement process through the Payment Mechanism and the Performance Framework. These contractual control mechanisms will be managed by a Contract Manager, who reports to a Project Gwyrdd Committee.
- The Project will provide a Guaranteed Minimum Payment to Viridor, based on a waste tonnage that has been predicted on achieving the Welsh Government waste targets. The waste projections over the contract term are based on current recycling rates, future recycling rates and population growth over the contract term.

(Ends)

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